



## Building a Strong Transportation Management Foundation

By Adrian Gonzalez  
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Building a strong transportation management foundation is a critical prerequisite for companies to execute their supply chain strategies and achieve their growth and financial objectives. In the [first episode](#) of an educational series focused on the link between transportation management and supply chain excellence, Chris Timmer, Chief Commercial Officer at [LeanLogistics](#) (a *Talking Logistics* sponsor), outlined the attributes of a strong transportation management foundation and how to build it.

Chris discussed the components of an effective transportation management strategy, how to develop and manage successful carrier relationships, and the need for well-defined Standard Operating Procedures (SOPs) and business processes. I also spoke with him about leveraging the right metrics and carrier scorecards to manage performance and using technology to enable smart and efficient processes. Read on for some of the interesting insights that he had to share:

**There is a lot of discussion about the importance of supply chain innovation these days, but in order to succeed at innovation, you need a solid foundation – that is, you need the right people, processes, and technology to get “the little things” or the fundamentals right. When it comes to transportation management, what are the attributes or components of a solid foundation?**

When you first look at transportation, and because it is such an integrated part of the supply chain, you need to look at the complete supply chain. What are the goals and objectives of transportation related to the things necessary for us to execute our business and manage that lifeline, including getting raw materials to the manufacturing location, getting finished goods to customers, managing transportation fees, and all of that. What are the goals and objectives of transportation as an organization?

Then look at how to deploy the strategy. How are we going to manage? How are we going to work with the carriers and suppliers? How are we going to set up ourselves up for success? Then, based on that, create a multifaceted standard operating procedure based on how transportation will work within the environment, and ultimately have the right people to execute against that. So, with the advances in technology, strategy, and how supply chain management is being deployed as a curriculum throughout the U.S., the skillsets associated with managing supply chain and transportation in today’s

environment are much different than they were 10-20 years ago. You have to have the right people with the right skillset and mentality and acumen to be able to effectively manage.

**Let's dive into some of those components further, starting at a high level. I guess it all begins with developing an effective transportation strategy. What factors should companies take into account when creating their transportation strategy? Who should be involved?**

This has evolved over time. If you look at transportation strategies in the past, it's about which carriers are we using, how do we get the best rate, and do we have enough capacity? These questions remain, however, businesses have become far more sophisticated about developing overall strategy. It starts with your customer base, both internal and external. What is the segmentation of your transportation network, what is it trying to serve, how is it trying to serve, and what are the components that drive success for that? What modes should we use, what modes should we direct our business to, and how do we think we need to service both internally and externally?

Those are the questions you should ask yourself. Then, look at what performance should be. That includes historical performance plus industry benchmarks. Look outside the four walls of your organization, use mechanisms to benchmark against peers and other organizations that look like you. If I'm a CPG company, what are other CPG companies doing? But also look at different industries as well. Look at carrier partners. If you want to build a best-in-class process, you have to look at how to approach those carriers and what the strategy is behind them. How do you want to build those relationships?

Price is always a factor. When I came into this business in 1990 someone said, "I need to reduce my price and improve service." Twenty-five years later, I'm still hearing the same thing. Those two things don't necessarily change. Then finally, what are the continuous improvement strategies that you want to deploy in executing against your business based on how you create more sophistication and get great intelligence into your business. Those are types of things that are really critical in developing out that strategy.

**Obviously, establishing productive carrier relationships is part of building a strong transportation management foundation. What are some best practices when it comes to finding the right carrier partners and managing those relationships?**

This is another area of the industry that has changed over time. When I first got into the business it was, "How well can you negotiate freight rates?" And that remains an element because you want to reduce your costs. But really the best practice that we see within our client base starts with an understanding of what the carrier is all about. What are the carriers doing? What are their strategies? What's their inherent network? Where are they flowing their freight as they are supporting their customer base? Transportation is a myriad of networks that change on a regular basis based on the carrier's customers and assets. Really understand that carrier and how it manages its business and what it's trying to accomplish. Most shippers don't take this mentality.

You also want to create a consistent communication channel, both tactically and strategically. I like to look at how we work with carriers as a “strategically tactical” relationship. We’re looking at this long-term, we’re looking at this as how you want to deploy and serve them and how they will serve you. Then enable your supply chain to be able to work with them to mutually achieve those goals. That comes back to clear, consistent communication and defining metrics effectively. Use mutually agreed upon metrics – how do I measure on-time performance, my compliance with routing guides, my capabilities of deploying service levels, my capability of deploying my assets and service levels to support my business? How do we look at that commonly and agree upon what the performance has been.

It’s clear and critical for you to continue to provide an understanding of your business objectives as an organization, especially in some verticals today there’s an enormous number of mergers and acquisitions and supply chain changes occurring. Every time your supply chain changes it dramatically affects your carrier network. Their requirements change and their blend of business changes so that cost structures change along with their ability to serve you. That core communication all feeds into that business strategy.

We also see the engagement at a tactical level with managerial and tactical support of the business, and a strategic level. Throughout the organization, getting and building those relationships at multiple levels is vital for that good partnership that you look for. Finally, how do we continue to improve our processes and business and work within a continuous improvement scenario with carriers to get better as shippers and allow them to get better as carriers? The answer comes back down to that mutually beneficial relationship, where you become “shipper of choice.” It’s about using good common business practices that effectively allow suppliers to effectively manage their business as you are managing yours.

**Of course, technology plays an important role in building an effective transportation management foundation. What are some important solutions and capabilities companies should have in place?**

Watch [this short clip](#) for his response.

Here’s a snippet of what he said: “What we’ve been talking about so far is building foundational standard operating procedures, building continuous improvement processes, communicating effectively, and managing the processes effectively. All of that can be enabled by the proper technology. If you look at it from the planning, execution, settlement, capability, visibility, and business intelligence – all of this is driven by technology that can be enabled to reduce costs, reduce inefficient processes, and gain visibility. Visibility is the key, now that we have the capability to actually touch components – back to the statement of transportation being the lifeline for the supply chain – having that visibility through the activity is critical. Not only for managing the relationships and processes, but also for understanding what’s happening from a real-time standpoint.”

I encourage you to [watch the rest of my conversation with Chris](#). Then post a comment

and share your perspective on this important topic!

*Adrian Gonzalez is trusted advisor and leading industry analyst with more than 17 years of research experience in logistics and supply chain management. He is the founder and president of Adelante SCM, a peer-to-peer learning and networking community for supply chain and logistics executives and young professionals. He is also the founder and host of [Talking Logistics](#), a weekly online video talk show and blog where he leads conversations with thought leaders and newsmakers in the supply chain and logistics industry. Prior to his current roles, Adrian held various leadership positions at ARC Advisory Group, Motorola, Polaroid, and Clare. He is also a member of the Council of Supply Chain Management Professionals and a LinkedIn Influencer.*

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